

DELETATION ORDER



RETRAINEE - JOB CREATION

Training Proposal for:

Flowers Baking Co. of Modesto, LLC

Agreement Number: ET15-0462

Approval Date: June 17, 2015

ETP Regional Office: Sacramento

Analyst: A. Greene

PROJECT PROFILE

Contract Attributes:	Priority Rate Job Creation Initiative HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Stanislaus	Repeat Contractor:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 150	U.S.: 10,380	Worldwide: 10,380
<u>Turnover Rate:</u>	4%		
<u>Managers/Supervisors:</u> (% of total trainees)	15%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$99,760		\$0	\$0		\$99,760

In-Kind Contribution:	100% of Total ETP Funding Required	\$110,000
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TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Retrainee Priority Rate	Business Skills, Computer Skills, Continuous Improvement, HazMat., Manufacturing Skills	120	8-200	0	\$738	\$15.37
				Weighted Avg: 41			
2	Job Creation Initiative Priority Rate	Business Skills Computer Skills Continuous Improvement HazMat., Manufacturing Skills PL-Manufacturing Skills	10	8-200	0	\$1,120	\$16.50
				Weighted Avg: 56			

Minimum Wage by County: Job Number 1 (Retrainee/HUA): \$15.07 in Stanislaus County; Job Number 2 (Job Creation/HUA): \$12.33 in Stanislaus County.

Health Benefits: Yes No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: Yes No Maybe

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Admin Staff		4
Sales Staff		20
Maintenance Staff		16
Managers/Supervisors		18
Technical Support Staff		5
Production Staff		57
Job Number 2		
Maintenance Staff		3
Manager/Supervisor		1
Production Staff		6

INTRODUCTION

Located in Modesto, Flowers Baking Co. of Modesto, LLC (Flowers Baking) is a wholly owned subsidiary of Flowers Foods, Inc. (www.flowersfoods.com). Flowers Foods, Inc. is the largest producer of freshly packaged bakery food in the United States with more than \$3.7 billion in sales.

Flowers Baking was established in 2013. The Company produces breads, buns, and rolls under the brand names of Nature's Own, Cobblestone Bread Co., Wonder, Home Pride, and Sara Lee as well as under various co-pack brand names (contract manufacturing). The Company's products are sold to retail and wholesale food stores and to distribution companies located throughout Northern California. This is the only Flowers Foods, Inc. bakery operating in California.

Flowers Baking is eligible for standard retraining for companies meeting the definition of an industry, such as Manufacturing, deemed by the Panel as facing out-of-state competition.

Need for Training

Training is needed to improve the Company's overall operating processes and manufacturing efficiencies as well as improve customer delivery schedules and increase customer satisfaction. Training is also needed to incorporate the Company's initiative to reduce waste and integrate sustainability practices into its core processes.

Flowers Baking expanded their facility in 2014 to add a second production line to their operations. The new line produces bread and operates 12 hours a day, baking approximately 100,000 loaves of sliced bread per day. The Company's original production line operates around the clock baking up to 500,000 buns and rolls per day. Training is needed to operate the new production equipment and to cross-train staff on the existing production line.

Retrainee - Job Creation

In support of job creation, the Panel is offering incentives to companies that commit to hiring new employees. Training for newly-hired employees will be reimbursed at a higher rate, and trainees will be subject to a lower post-retention wage.

As part of the 2014 expansion, Flowers Baking hired 100 additional employees to operate the new production line and to staff its newly-created Sales and Distribution division. Flowers Baking is now expanding its existing business capacity further, and will hire 10 more "net new employees." The date-of-hire for all trainees in the Job Creation program will be within the three-month period before contract approval or within the term-of-contract.

PROJECT DETAILS

Flowers Baking will provide 8-200 hours of Class/Lab training to 130 incumbent and newly-hired employees. Training will be conducted at the Company's facility in Modesto.

Business Skills (10%): Training will be offered to Admin Staff, Sales Staff, Managers/Supervisors and Maintenance Staff to improve Communication Skills with customers and to increase Product Knowledge. Topics include Sales Skills, Business Processes and Time Management.

Computer Skills (10%): Training will be offered to Admin Staff, Sales Staff and Managers/Supervisors in operating Internal Customer Applications, MS Office (intermediate and advance only) and Project Management Software. Training in these topics will improve employees' utilization of software applications to allow for quicker responses to customer needs.

Continuous Improvement (10%): Training will be offered to all occupations to improve cooperation of workers within the organization and operating efficiency. Topics include Lean Manufacturing, Problem Solving and Resolution, and Statistical Process Control.

Hazardous Materials (5%): Training will be offered to Maintenance, Managers/Supervisors and Production Staff to learn how to handle hazardous materials. Employees regularly work with hazardous products, and training in this area is needed to learn how to report and handle spills.

Manufacturing Skills (60%): Training will be offered to Maintenance Staff and Production Staff. Maintenance Staff will learn new skills in Equipment Maintenance and Repair to ensure reliable production lines and improve manufacturing productivity. Production Staff will be cross-trained on Mixing and Makeup Equipment, Proofing/Baking Equipment and Packaging Equipment. Other topics include Food Safety, Forklift Skills and Product Specifications.

Productive Laboratory (5%)

Trainees may produce goods for profit as part of the PL training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training.

Flowers Baking will provide up to 30 hours of PL training to newly-hired Maintenance and Production Staff (Job Number 2). The trainer-to-trainee ratio will mostly be 1:1 and will not exceed 1:3. Training will be specific to the type of equipment and processes used by Maintenance and Production Staff including Mixing Equipment, Makeup Equipment, Proofing/Baking Equipment, and Packaging Equipment.

Flowers Baking has developed a checklist of competencies to assist trainers in identifying the tasks and time in which to complete each tasks. PL trainers are in-house Managers and Supervisors who have at least two years of experience operating and maintaining the equipment. Trainers will demonstrate how to use the equipment, observe the trainee using the equipment, and make corrections as needed. The trainer's time will be solely dedicated to training during PL, and trainers will certify trainees when they become competent on the equipment.

Commitment to Training

Flowers Baking does not have a formal training budget. Currently, the Company provides on-the-job training as needed and mandatory training on topics such as sexual harassment prevention, first aid, OSHA, and new-employee orientation.

High Unemployment Area

All 130 trainees at Flowers Baking work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 15%. The Company's location in Stanislaus County qualifies for HUA status under these standards. However, Flowers Baking is not asking for a wage and/or retention modification.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Flowers Baking retained National Training Company, Inc. in Irvine to assist with development of this proposal for a flat fee of \$5,000.

ADMINISTRATIVE SERVICES

National Training Company, Inc. will also perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum**Class/Lab Hours**

8-200

Trainees may receive any of the following:

BUSINESS SKILLS

- Business Processes
- Communication Skills
- Product Knowledge
- Sales Skills
- Time Management

COMPUTER SKILLS

- Internal Customer Applications
- Microsoft Office (Intermediate and Advanced)
- Project Management Software

CONTINUOUS IMPROVEMENT

- Critical Thinking
- Leadership
- Lean Manufacturing
- Problem Solving and Resolution
- Statistical Process Control
- Team Building

HAZARDOUS MATERIALS

- Hazard Communication
- Emergency Response Team Training
- Hazardous Waste

MANUFACTURING SKILLS

- Compliance Tracking
- Equipment Cross-Training
- Equipment Maintenance and Repair
- Equipment Safety Procedures
- Food Safety
- Forklift Skills
- Maintenance Procedures
- Product Specifications
- Standard Operating Procedures

Productive Lab Hours

0-30

MANUFACTURING SKILLS (Ratio 1:3)

- Mixing Equipment
- Makeup Equipment
- Proofing/Baking Equipment
- Packaging Equipment

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery.